



Issues with the Assignment Incentive Pay System

**Navy Workforce Research & Analysis
Conference**

Diana Lien

Peggy Golfin

Dave Gregory

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AIP Issues



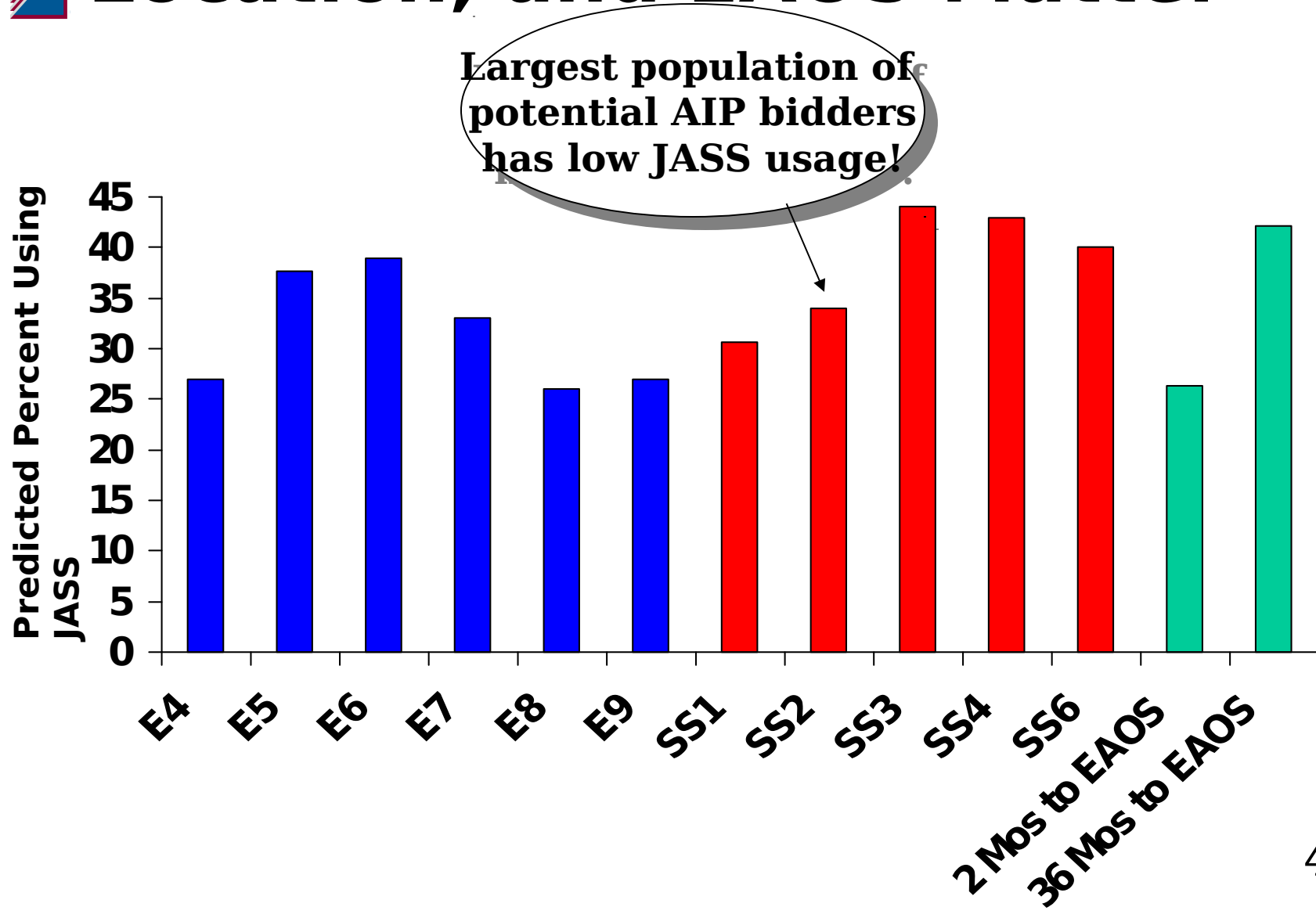
- AIP metrics are influenced by:
 - JASS use
 - Ratio of advertised jobs to rollers
 - PCS costs
- Potential changes to AIP system:
 - Automatic cap increase
 - Using a lump sum payments method instead of the current monthly payment method

How Did JASS Use Change Since AIP Implementation?

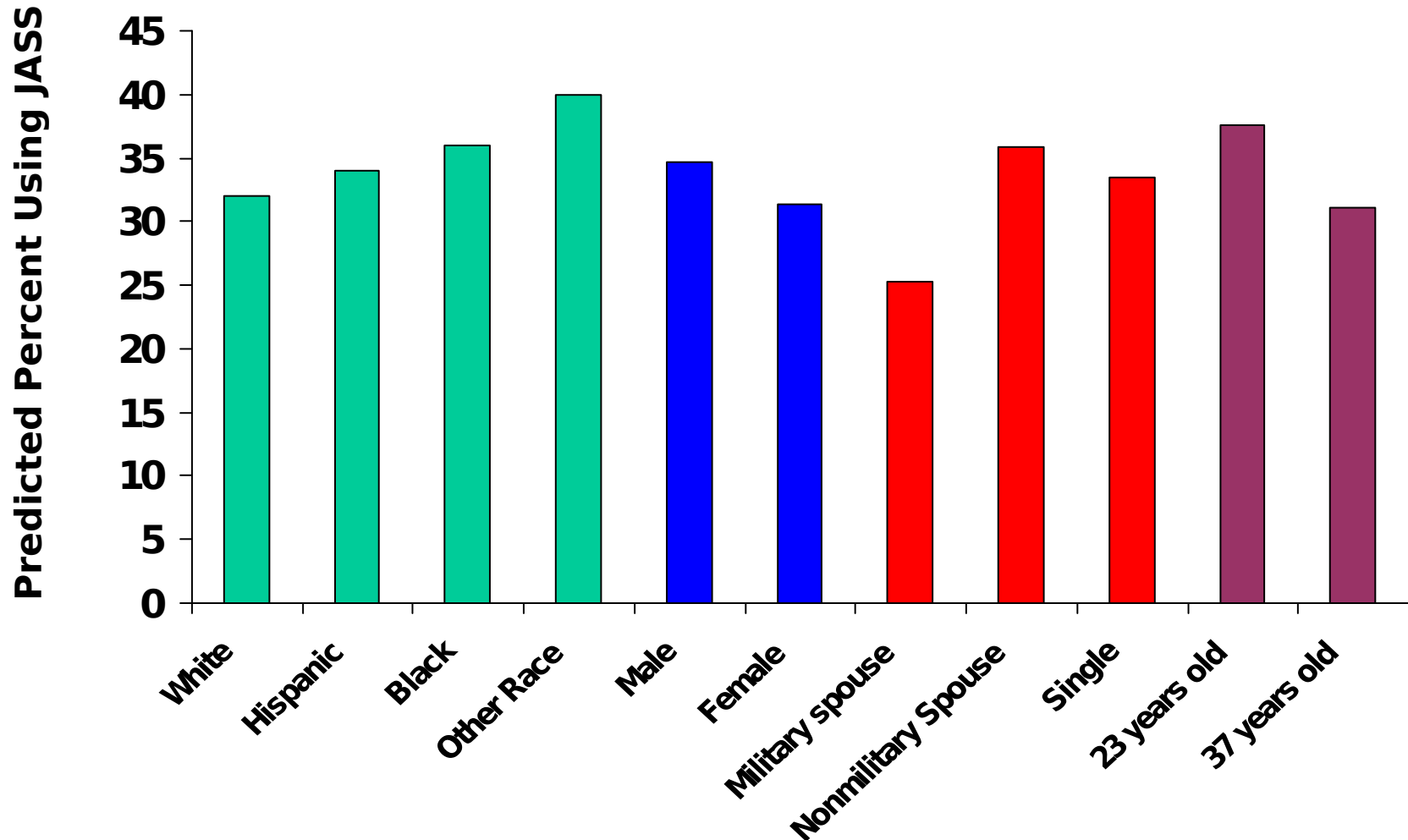


- No significant increase overall
 - 33.9 percent of Feb/March Sailors in PRD window
 - 35.6 percent of May/June Sailors in PRD window
 - 33.5 percent of Aug/Sept Sailors in PRD window
- Usage varies by Sailor characteristics:
 - Paygrade, time to EAOS, education, sea/shore code, race, marital status, age, dependents, AFQT, gender, some ratings
 - No change in use when we control for these factors

Paygrade, Current Sea/shore Location, and EAOS Matter



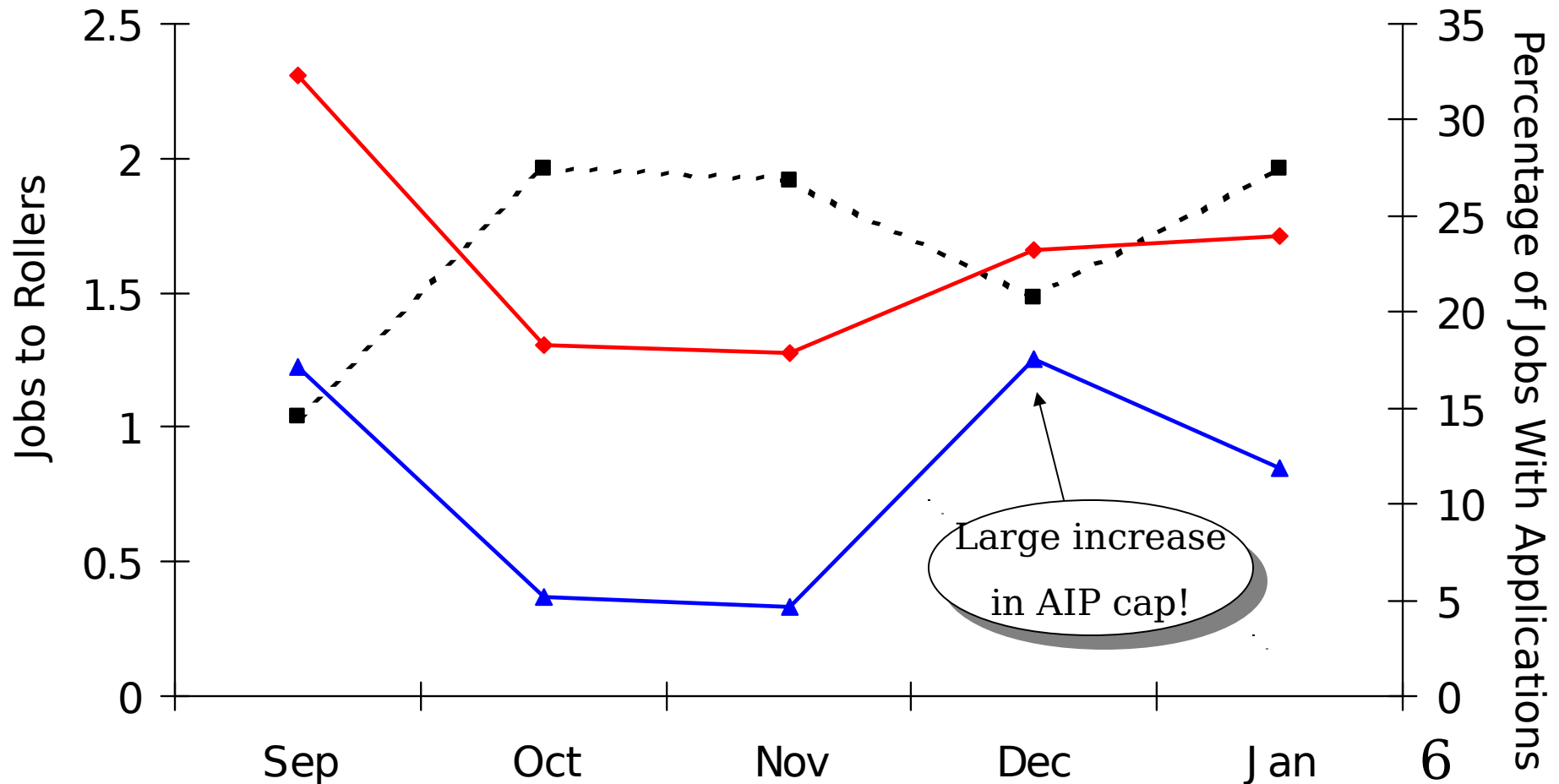
JASS Use Differs by Demographic Characteristics



Relationship Between Jobs and Applications - ITs



■ Jobs to rollers ▲ ITs at AIP locales ◆ ITs at non-AIP locales



PCS Funds and Selection Process



- Shortfalls in PCS funds
 - May influence job selections
 - Sailors may respond by not applying to certain locations
- Difficult to quantify impact from changes in PCS fund
 - Reasons for non-selection are not uniformly coded
- Recommend consistent coding system of the selection process

Goals of a Cap Adjustment Rule



- React to job priority and labor supply levels
- Prevent delays in voluntary job fills
- Simplify cap increase decision process
- Allow bidding to reveal true price of job
- Increase interest in AIP
 - Attract more JASS users and AIP applications

Suggested Rule for Automatic Cap Increases



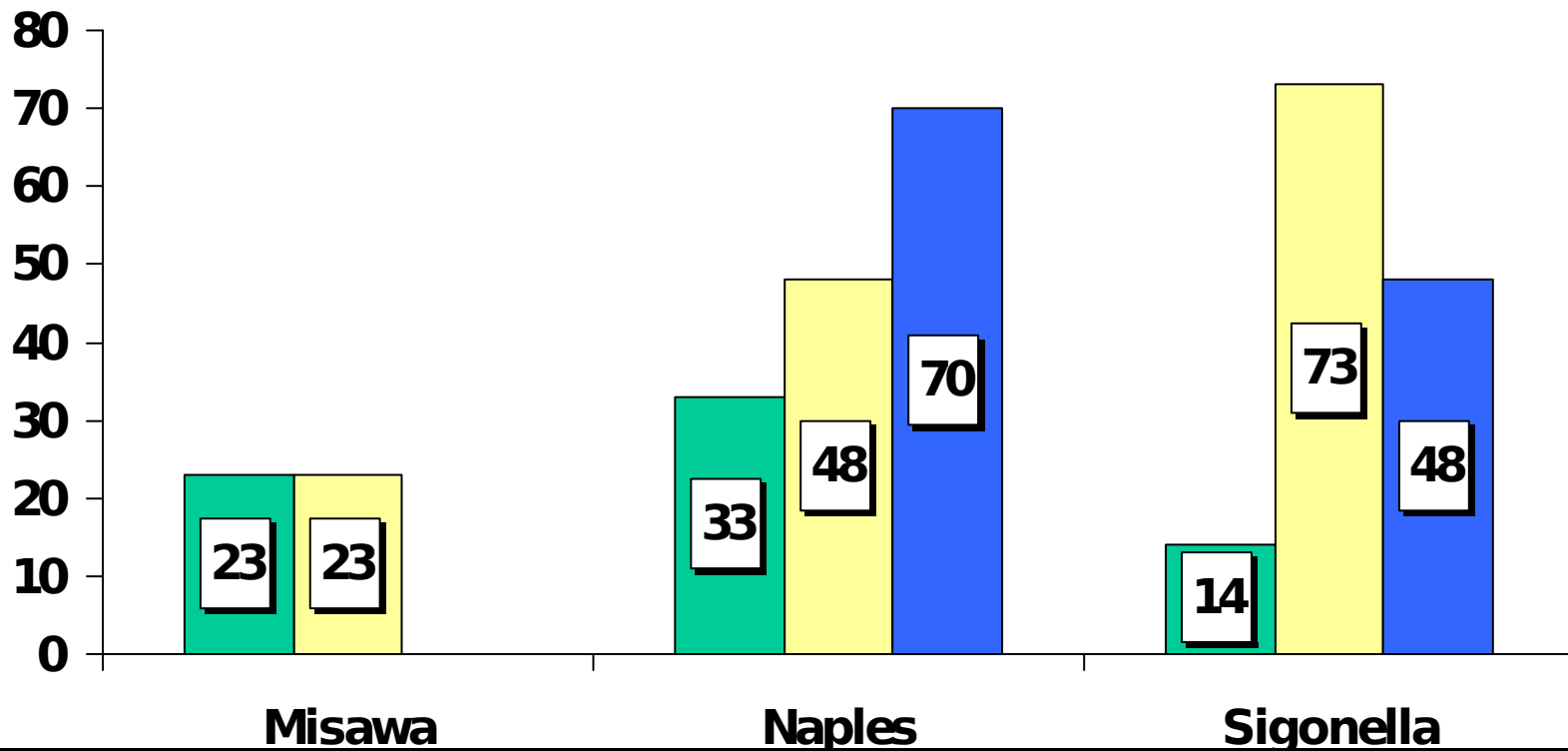
- Based on job type
 - Job type = jobs with the same community, paygrade, UIC, NEC1 and composite
- Cap implementation rules
 - Cap increases if none of the advertised jobs of a job type receive an application in the last three cycles
 - When a cap increase is implemented, all jobs of that specific type receive the increase
 - Includes all G, F, and B jobs of that job type

Number of Jobs That Would Have Had an Automatic Cap Increase

■ First Posted Jan 25, 2003

■ First Posted Aug 9, 2003

■ First posted Jan 24, 2004



The number of jobs corresponding to job types that went three cycles without an application 10

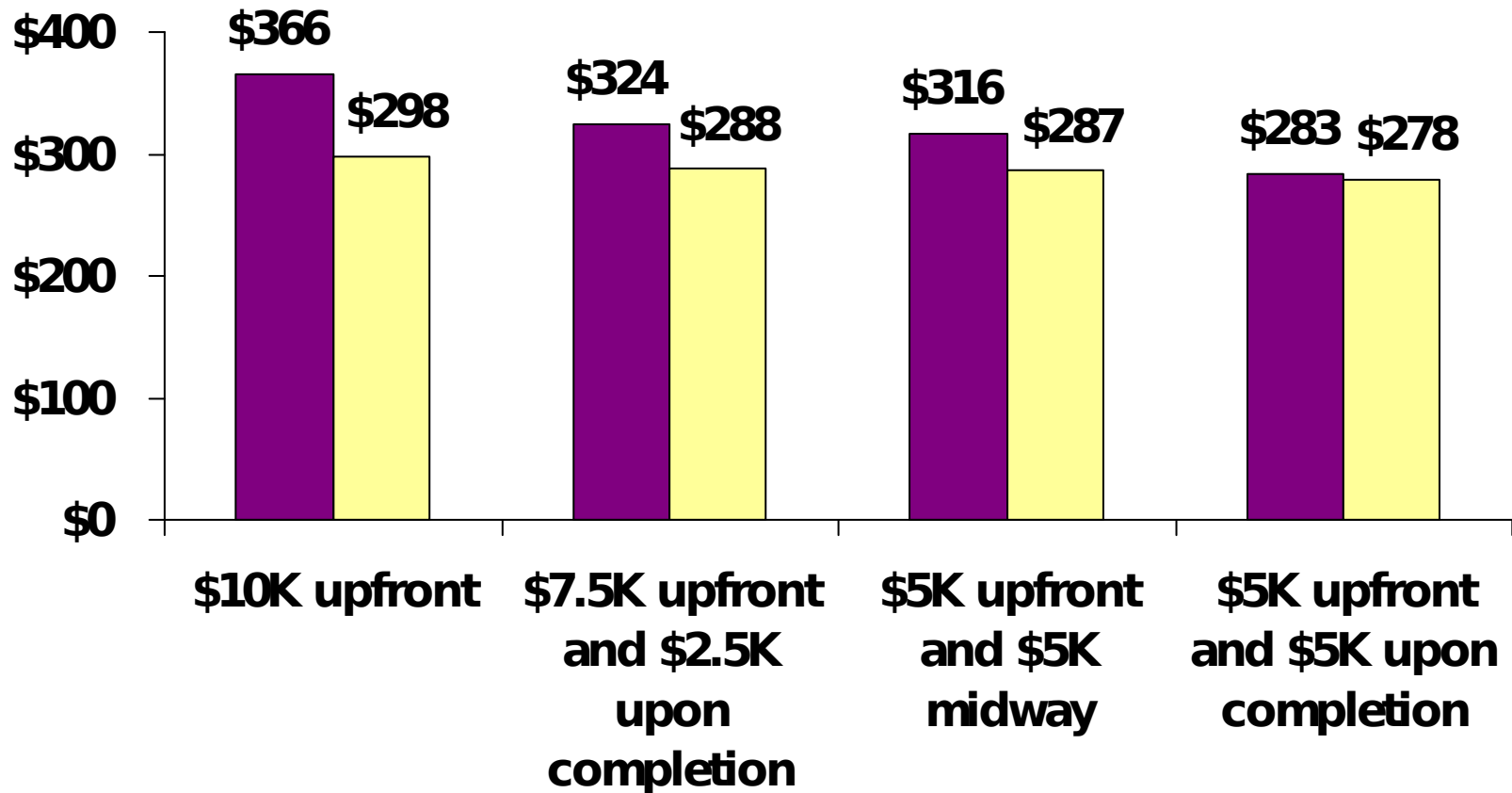
Lump Sum AIP Payment Method



- Suggested change to AIP system
 - Could be in addition to or replace monthly payment method
 - Could be upfront or multiple lump sum payments
- Requires mechanism to prevent renegeing
 - End payment
 - Severe penalty for leaving prior to assignment completion

Potential for Navy to Reduce Cost of AIP Payments With Lump Sum

■ Monthly value to Sailor ■ Monthly cost to Navy



For a 36 month tour. Assuming a 20% discount rate for enlisted Sailors and a 5% return for the Navy.

Future Research Topics



- Cost effectiveness
 - What is the total cost of AIP?
 - AIP payments, PCS costs, etc
 - How does the cost of AIP compare with Type 3 duty?
- Manning Issues
 - Who's going to AIP billets?
 - Have retention levels changed?
- Future applications of AIP incentive
 - Can AIP be used as an incentive to extend critical tours?



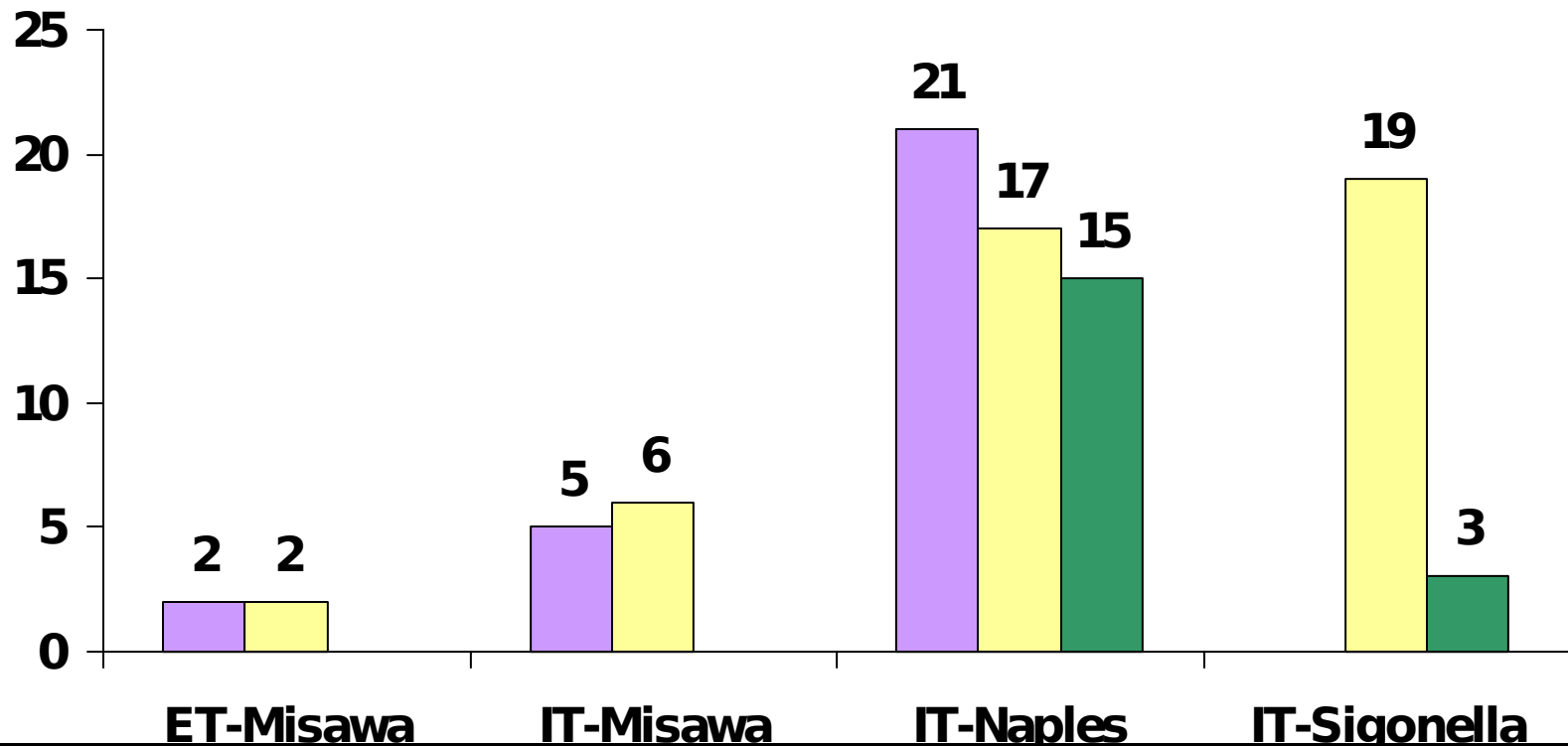
Questions?

An Automated Cap System Would Have Increased ET and IT Caps

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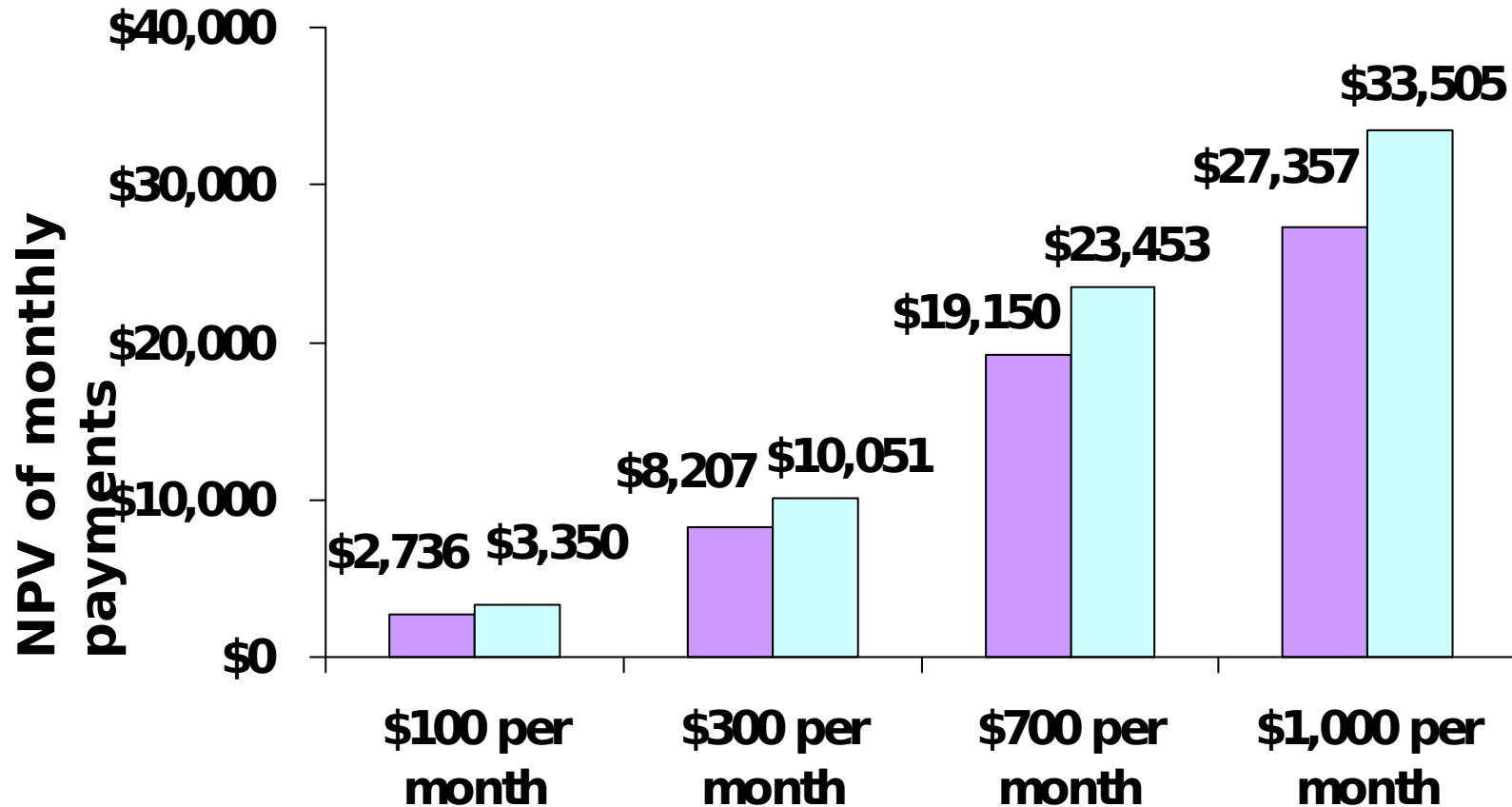


The number of jobs corresponding to job types that went three cycles without an application

Under Monthly Payments, Navy's NPC Exceeds Sailor's

NPV

■ Net Present Value to Sailor ■ Net Present Cost to Navy



For a 36 month tour. Assuming a 20% discount rate for enlisted Sailors and a 5% return for the Navy.